



The Government's proposals on higher education funding and student finance and their impact on access to higher education

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In October 2010 the report of the Browne Review on higher education funding and student finance was published. In response to this report the Government announced its own proposals to change the system of higher education funding and student finance. The purpose of this note is to set out the Government's proposals and to review the changes with regard to access to higher education and widening participation.

A series of library standard notes provide information on student funding and the proposed changes: SN/SG/5753 [Changes to higher education funding and student support 2012/13](#), SN/SP/5739 [The Browne Review of Higher Education Funding and Student Finance](#), SN/SG/917 [Tuition fee statistics](#) SN/SG/916, [Value of student maintenance support](#) and SN/SG/1079 [Student Loan Statistics](#)

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1 The Government's proposals for higher education funding and student finance

On 12 October 2010 Lord Browne published the report of the independent inquiry into higher education and student finance in England, "[Securing a sustainable future for higher education](#)". The Browne Review was an independent body which was set up to review the effect of the variable tuition fees scheme that was introduced in September 2006. Library standard note SN/SP/5739 [The Browne Review of Higher Education Funding and Student Finance](#) discusses the Browne Review and its recommendations. One of the principle recommendations of the Review was the removal of the cap on tuition fees and an upper limit of £12,000 on fees with universities paying a levy on fees of over £6,000.

The Government response to the Browne Review was given by the Secretary of State for Business, Innovation and Skills [Vince Cable on 12 October 2010](#), in the response he said that the Government endorsed the thrust of the report.

On 3 November 2010 David Willetts the Minister of State for Universities and Science made a [statement in the House of Commons](#) setting out the Government's proposals for changes to the higher education funding and student finance system. In the Government proposals there were significant changes to the Browne recommendations; the cap would remain on tuition fees, universities would only be allowed to charge between £6,000 and £9,000 in fees and universities would not be charged a levy for higher rates of fees.

The main elements of the Government's proposals are given below:

First, we will introduce a progressive system of graduate contributions to the cost of their university education, with nobody having to pay up-front fees.

Lord Browne suggested that there should be no cap on the graduate contribution. We believe that a limit is desirable, and are therefore proposing a basic threshold of £6,000 per annum. In exceptional circumstances there would be an absolute limit of £9,000. No publicly-funded university will be able to charge more than this for its undergraduate courses. Since there will be a cap, we see no need for institutions to pay back a proportion of the graduate contribution as a levy to the Exchequer, as proposed by Browne.

We are also proposing a more progressive repayment structure. At present graduates start repaying when their income reaches £15,000. We will increase the repayment threshold to £21,000, and will thereafter increase it periodically to reflect earnings. The repayment will be 9% of income above £21,000, and all outstanding repayments will be

written off after 30 years. Raising the threshold reduces the monthly repayments for every single graduate.

We will introduce a real interest rate on a progressive taper. For graduates earning below £21,000, the real rate of interest will remain at zero. For graduates earning between £21,000 and around £41,000, a real rate of interest will be tapered in to reach a maximum of inflation plus 3%. When graduates are earning above £41,000 they will be making a full contribution to the costs of the system but still incurring interest well below normal commercial rates.

Under our proposals a quarter of graduates – those on the lowest incomes – will pay less overall than they do at present.

The Government is committed to the progressive nature of the repayment system. It is therefore important that those on the highest incomes post graduation are not able unfairly to buy themselves out of this progressive system by paying off their loans early. We will consult on potential early repayment mechanisms - similar to those paid by people who pre-pay their mortgages. These mechanisms would need to ensure that graduates on modest incomes who strive to pay off their loans early through regular payments are not penalised. For example, a 5% levy might be charged on additional repayments each year over a specified amount such as £1000 or £3000. Alternatively, those on higher incomes (e.g. over £60,000) who made an additional repayment could be required to pay a 5% levy on this sum.

[...]

Our student support system is currently one of the most generous in the world. We will make it more progressive.

Lower income students, while studying, will get improved help with their living costs. Students from families with incomes up to £25,000 are currently eligible for a maintenance grant, that is not repayable, of £2,900; we will increase this to £3,250. Those from families with incomes up to £42,000 will be entitled to a partial grant. There will also be increases in maintenance loans for students from families with incomes from £42,000 to £60,000. We will retain a higher maintenance loan for those studying in London.

An overview of these proposals is given in a Department for Business, Innovation and Skills (BIS) document called [Reform of higher education and student finance](#). Details of the finance package for students and graduates are given in another BIS document [The Government Student and Graduate Finance Proposals](#).

Library standard note SN/SG/5753 *Changes to higher education funding and student support 2012/13* provides information on student funding and the proposed changes

1.1 Summary of the proposals

Fees

It is proposed that universities will be able to choose their level of fees. The Government has said that only in 'exceptional' cases will universities charge the maximum £9,000. Universities that charge the maximum amount will have to put in place robust access provisions for disadvantaged students. Under the new system, as with the current system, no fees will be paid upfront – unless a student chooses to do so. All students will be able to take out loans to cover the cost of the fees.

Loans

Students will be able to take out loans to cover tuition fees and living costs. Loans will be repayable by graduates when they are earning over £21,000 – the current loan threshold is £15,000. Raising the threshold will reduce repayment amounts for many students so loans will be re-paid over 30 years as opposed to the current 25 year period. Information in a letter from BIS to Baroness Sharp of Guilford on 11 November 2010 outlines the repayment system:

Repayment will be charged at a rate of 9% of the proportion of an individual borrower's income above the threshold of £21,000 per annum. Repayments are linked directly to a borrowers income and not the size of the loan; thus the loan does not affect disposable income. For example based on earnings of £25k repayments will be only £30 per month.¹

Interest is currently added to loans at the rate of inflation. Under the new system there will be a progressive tapering of interest rates so rates will rise from 0% real rate of interest for incomes of £21,000, to 3% plus inflation (RPI) for incomes above £41,000. This means that higher earning graduates will pay a higher rate of interest than they do currently, but lower earning graduates will continue to pay the lower rate of RPI. The Government is also consulting on possible penalties for early repayment of loans.

The Government has said that the new system will be more progressive than the current system as graduates who earn more will pay back more and graduates who earn less will pay back less than they do now.

On 8 December 2010 the Secretary of State, Vince Cable announced further changes to the loan repayment system in a written statement Higher Education and Student Finance. This is discussed in a BBC New article on 8 December 2010 "[Concessions over £21,000 payback level for tuition fees](#)".

Grants

Maintenance grants for the poorest students, with household incomes below £25,000, will be increased from £2,900 to £3,250 a year. Those with a family income of up to £42,600 will be eligible for a partial grant. Currently partial grants are available for students from households with an income of up to £50,000.

Bursaries

Under the current system universities charging the maximum amount in tuition fees have to provide students from low income households with a minimum bursary of £329 per year – however some universities provide much more and the average bursary is around £1,000 per year. Under the new scheme bursaries will be abolished and replaced with a National Scholarship Scheme for disadvantaged students.

Institute of Fiscal Studies (IFS) analysis of the proposals

The ifs published an analysis of the proposals [Higher education reforms progressive but too complicated](#), on student support they made the following comments:

Fees

The biggest single announcement was a cap on annual tuition fees of £9,000 per year (which was not recommended by Lord Browne). In return for preventing universities

¹ Deposited Paper 2010-1983

from charging more than this, the Government will not impose a levy on fees above £6,000 per year. Instead, universities wishing to charge more than this will be required to intensify their efforts to widen participation in collaboration with the Office for Fair Access. Universities would be free to charge less than £6,000 a year, but are extremely unlikely to do so as on average, they would need to charge £7,000 a year just to replace the lost income from teaching grants.

Graduate Repayments

On the system of repayments, the Government agrees with Lord Browne on the idea of a 9% repayment rate on earnings above £21,000 a year, and in principle agrees with the idea of uprating this threshold to reflect real average earnings growth. While this form of indexation is more expensive to the taxpayer than the current indexation (by inflation), it is also more progressive as it prevents the number of low-earning graduates being liable for repayments from growing over time.

There are important changes elsewhere. The Government proposes a higher maximum interest rate and a different way of tapering it. Instead of a capped real interest rate for lower-earning graduates to ensure that their debt does not increase in real terms, there would be a real interest rate applied linearly over the salary scale, from 0% at £21,000 a year to a maximum of 3% at £41,000.

While the maximum interest rate is higher than under Lord Browne's proposals, this taper is more progressive: graduates earning between £21,000 and roughly £35,700 a year would face a lower rate of interest (assuming an initial debt of £30,000). However, an interest rate that explicitly depends on earnings is more complex and it is not clear how this would be implemented, nor which measure of earnings would be used to calculate a graduate's interest rate, which could add to administrative burdens.

The prospect of a real interest rate has led to concerns about whether graduates from wealthy families may repay their loans more rapidly in order to reduce their total interest payment. In response to this, the Government has proposed an early repayment levy to discourage individuals (particularly high-earners) from making extra payments. While higher interest rates will increase the incentive to make larger repayments, the terms of the loan remain more generous than alternative commercially available sources of finance. For those facing a 3% real interest rate, the Government benefits from ensuring that these graduates take longer to pay their debt back. Hence discouraging early repayment would save the taxpayer money.

Upfront Support for Students

Today's announcement included changes to the package of upfront support currently received by students. Students from the poorest families (with household income at or below £25,000) will be better off, in terms of upfront support, by around £700 per year compared with the current system. This is due to increases in the generosity of maintenance grants and loans. The government will save money by cutting maintenance grants back for those from higher income families - the maximum parental income at which a grant is payable has been reduced to £42,600 (currently £50,000 and proposed to be £60,000 by Browne). Overall, the total amount of upfront support is more generous than the Browne recommendations for student with household incomes below £37,500, and less generous for students with household incomes above this.

Contrary to Lord Browne's welcome recommendation of a universal maintenance loan, the current system of means-tested maintenance loans will continue, with a series of complicated tapers to determine the proportion of support payable in the form of grants and loans.

Maintenance grants of £3,250 a year and maintenance loans of £3,875 a year will be payable to all students from households with annual income up to £25,000. Those with household incomes above this amount will then see the loan element of their support package increase and the grant element decrease with income, until household income reaches £42,600. Then as household incomes increase above £42,600, the total amount of support payable (purely in the form of loans) decreases until household income reaches £62,125. At and beyond this household income level a universal maintenance loan of £3,575 will apply. These changes will significantly increase the administrative burden of applying for and administering loans compared to Lord Browne's proposal. While there is a strong case for making maintenance grants for students depend on parental income, it is much harder to argue that graduate debt and therefore future graduate contributions should be related to parental income rather than just the course chosen and how much the graduate subsequently earns. In particular it is hard to justify why students from households with incomes of £42,600 should face larger debts than all other students doing similar priced courses. We agree with Lord Browne's preference for a simpler and more transparent system involving a universal maintenance loan and means-tested grant; this would be easy to devise and merits reconsideration.

2 Access to higher education – background

The Government and higher education institutions (HEIs) are committed to widening participation in higher education, but there are concerns that the Government's proposals could undermine the work that has been done on access to higher education.

Over the years many strategies and programmes have been developed to widen access to higher education, but large discrepancies still remain in the take-up of higher education opportunities between students from different social groups; in particular students from disadvantaged backgrounds, students with disabilities and care leavers remain under represented in higher education. A report by the Higher Education Funding Council for England (HEFCE) in June 2010 *Trends in Young Participation in Higher Education: Core Results for England* stated that:

one in five young people from the most disadvantaged areas enter higher education compared to more than one in two for the most advantaged areas.

A National Audit Office (NAO) report in June 2008 *Widening participation in higher education* set out the following findings on in widening participation:

Over the past five years there have been improvements in the participation of some groups in higher education, but not for all groups and some remain significantly under-represented in higher education. The participation rate for men is currently 10 percentage points below that for women. Those from non-white ethnic groups are better represented than white people. Socio-economic background remains a strong determinant of higher education participation with the participation of young, full-time students from lower socio-economic backgrounds having improved by two percentage points over the past four years. People from lower socio-economic backgrounds make up around one half of the population of England, but represent just 29 per cent of young, full- time, first-time entrants to higher education. Young people living in deprived areas have experienced an increase in participation of 4.5 percentage points since 1998 compared with an increase of 1.8 percentage points in the least deprived areas. White people from lower socio-economic backgrounds, both men and women,

are the most under-represented group. There are other groups for whom it is difficult to assess participation because of incomplete data.²

Raising participation levels of students from disadvantaged backgrounds has proved stubbornly resistant:

Between 2001-02 and 2007-08 the Department for Innovation, Universities and Skills (the Department) and the Higher Education Funding Council for England (the Funding Council) allocated £392 million of widening participation funding to higher education institutions (hereafter 'universities'). Despite the substantial amount of expenditure, progress in widening participation has been slow.³

However the HEFCE report *Trends in Young Participation in Higher Education: Core Results for England* suggested that the participation gap may be narrowing among young people (18 – 19 year olds) in England:

Differences in participation rates between advantaged and disadvantaged neighbourhoods have reduced since the mid-2000s

- The increases in the young participation rate for those living in the most disadvantaged areas have been greater in proportional terms and, since the mid-2000s, percentage point terms, than the rises for those living in advantaged areas.
- Since the mid-2000s the majority of additional entrants to higher education have come from more disadvantaged areas.
- Most ways of measuring the differences between the participation rates of advantaged and disadvantaged neighbourhoods have shown a reduction since the mid-2000s.

Studies have suggested various reasons for the under-representation of certain groups such as low aspiration, or the lack of a tradition of higher education, however a report by the Teaching and Learning Research Programme *Widening participation in higher education* in November 2008 concluded that lack of attainment at secondary school was the biggest factor in non-participation in higher education:

This research has proved that if we allow for the different performance at school of people from varying social backgrounds, they are equally likely to go to university. The policy implication is clear. Improving primary and secondary schools for all is the route to improved participation in higher education.⁴

A series of library standard notes provides details on number of students from different groups in higher education: SN/SG/1446 *Entrants to Higher Education*, SN/SG/620 *Higher Education and Social Class*.

3 The Government's proposals with regard to access to HE

The Government has stated that only in 'exceptional' cases will HEIs be allowed to charge the highest fees of £9,000. Institutions charging those fees will have to comply with tough conditions on access. Universities and colleges wanting to charge above £6,000 a year will

² National Audit Office *Widening participation in higher education* HC 725 25 June 2008 page 6

³ Public Accounts Committee Fourth Report *Widening Participation* 2 February 2009

⁴ Teaching and Learning Research Programme *Widening participation in higher education* in November 2008
Forward by Professor Ian Diamond

have to show how they will spend some of the additional income making progress in widening participation and fair access. The Office for Fair Access will be able to apply sanctions in cases where universities do not deliver on the commitments in their access agreements, up to and including withdrawing the right of the university to charge more than £6,000.

3.1 National Scholarship Scheme

The Government proposes to abolish bursaries and establish a £150 million National Scholarship Scheme (NSS). The National Scholarships Programme will be targeted at bright potential students from poor backgrounds and it will guarantee student benefits such as a free first year or foundation year. The Government intends that HEIs charging over £6,000 in fees will contribute to a matched fund:

All universities that want to charge a higher graduate contribution than the £6,000 threshold will be obliged to participate in the National Scholarships programme. We will consult students and university organisations on the details. We will look to increase the leverage of Government funding by getting matched contributions from universities. Our current preference is for universities to offer scholarships to targeted students – including the principal beneficiaries of the pupil premium – that would mean at least their first year is free.⁵

A *BBC News* article on 5 December 2010 [“Tuition fees: poorest students to get year for free”](#) said that students who are eligible for free school meals could have their fees paid for up to two years under the NSS:

Thousands of university students from poorer backgrounds could have their tuition fees paid for up to two years, ministers have proposed.

A government source said any student eligible for free school meals could get their tuition fees paid for a year.

And universities which charge more than £6,000 a year could be forced to pay such students' fees for a further year

[...]

The government believes up to 18,000 students a year could benefit from the new two-year proposals - significantly increasing the numbers of children from poorer families going on to higher education.

However in a [BBC News article](#)⁶ on 6 December Pam Tatlow of million+ a university group which represents newer universities called the scholarship scheme ‘unworkable and unfair’:

In a letter to universities minister David Willetts, the chief executive of Million+ Pam Tatlow pointed out that free school meal students were not evenly distributed between universities.

She said proposals that require universities to match-fund a year's free tuition would have damaging consequences for universities which contribute most to social mobility.

These are the universities who admit more students from disadvantaged and free school meal backgrounds.

⁵ David Willetts Statement on higher education funding and finance 3 November 2010

⁶ [“Scholarship scheme ‘unworkable’ says university group”](#) *BBC News* 6 December 2010

Ms Tatlow added: "A requirement to fund free tuition is more likely to increase rather than decrease fees in those universities with more free school meal students.

[...]

The think tank also claimed the £150m scholarship fund was too small to fund the number of poorer students going to university.

It calculated that the scholarship scheme could fund 8,333 students at £6,000 a year or 6,944 at £7,200 a year. If fees were £9,000 a year it would fund 5,555.

However, in the cohort of students graduating last year there were 10,670 who had been in receipt of free school meals.

3.2 Guidance to the Director of Fair Access

Under provisions in the *Higher Education Act 2004* the Director of Fair Access is required to have regard to any guidance issued by the Secretary of State in performing his functions. On 7 December 2010 a press release was issued by the Office for Fair Access stating that new guidance would be issued to the Director of Fair Access, [Statement from Director of Fair Access following new BIS draft guidance](#):

"Ministers at the Department for Business, Innovation and Skills have released, in draft, a letter of guidance to me as the Director of Fair Access, setting out the Government's expectations in respect of fair access to higher education.

"Clearly this draft may change but its release at this point means I am able to start discussions with the sector on the proposed more demanding new arrangements. Once I have final guidance I will write to the sector, working with them to develop policies that promote access to higher education for all those with the potential to benefit, regardless of their background.

"At the forefront of my thinking will be the need to secure investment in well targeted outreach that both widens participation in higher education and improves access to the most selective universities. I also look forward to working with others on the design of the National Scholarship Programme which will be integral to universities' access agreements."

The draft guidance letter is available on the BIS website at "[New rules for high charging universities](#)". The draft guidance states that the Director of Fair Access will take into account the distance travelled by institutions toward their access benchmarks.

An article in the *Guardian* on 7 December 2010 "[Universities face £6,000 tuition fee cap over equal opportunities](#)" discussed arrangements for disadvantaged students.

3.3 Equality Impact Assessment

BIS have published a document [Interim Equality Impact Assessment Urgent Reforms to Higher Education Funding and Student Finance](#) which set out the following findings on the proposals:

- There are many factors which could act to influence student behaviour and likelihood of participation in HE, including how changes to the system are interpreted, the price elasticity of demand and the current level of excess demand.
- Measures in place are expected to assist in preventing any worsening of the current participation gap between lower and higher socio-economic groups. The increase in

maintenance grant for students from household with the lowest incomes, the National Scholarship Programme, and additional fair access requirements on institutions wanting to charge over £6,000 in graduate contributions should ensure that the reforms do not affect individuals from lower socio-economic backgrounds disproportionately.

- The changes to the maintenance package will benefit students on low household incomes most, and therefore people from ethnic minority backgrounds are more likely to benefit from the more generous support packages.
- We do not expect the reforms to student support to have any disproportionately negative impact on disabled students; the student finance arrangement will continue to include financial support for disabled students.¹
- Graduates will be expected to contribute more towards the cost of their higher education, yet we have estimated that up to 25% of graduates will repay less under the new system than they would have under the old system. The graduates who are likely to repay less are more likely to be female, disabled, and from an ethnic minority background.
- Interest rates greater than RPI will now be charged, in an income-contingent manner, on loans. These loans will still be subsidised by Government and the maximum rate payable would be different from a commercial rate of interest. However, the possible negative impact on some Muslim students must be acknowledged.
- We have no reason to believe that the reforms would impact more negatively on any of the other protected groups

4 Government strategies for widening participation

The Government has established a body to oversee access to higher education, the Office of Fair Access and widening access is included in the remit of other public bodies. The Government has also made funding available for widening participation schemes through HEFCE and other initiatives such as Aimhigher.

4.1 Office for Fair Access

The *Higher Education Act 2004* introduced variable deferred higher education tuition fees of £3,000. The trebling of tuition fees was controversial and many Members and other commentators were concerned about the effect that raising fees would have on widening participation. The Labour Government responded to concerns by establishing the Office for Fair Access (OFFA). OFFA is an independent public body with a remit to help safeguard and promote fair access to higher education. The main way that this is achieved is by the approval and monitoring of access agreements.

The role of OFFA is summarised in the NAO report [*Widening participation in higher education*](#):

Since 2006 the Office for Fair Access has approved an 'access agreement' for each institution wishing to charge variable tuition fees, setting out what actions the institution will take to promote and safeguard access for low income groups. The agreements include milestones. If there is a serious and wilful breach of an access agreement, the Office for Fair Access can impose financial sanctions. This may include refusing to renew an institution's access agreement, thus denying it permission to charge tuition fees above the basic level, or instructing the Funding Council to suspend part of an

institution's grant. Access agreements have only been in place for two years and the Office for Fair Access has not identified any breaches of access agreements to date.⁷

The Director of Fair Access has the power to review HEI's performances against their access agreements and may impose sanctions in cases of blatant abuse. Sanctions include removal of the right to charge higher fees or fines of up to £500,000.⁸

Information about the work of [OFFA](#) is available on its website.

Access Agreements

It is a legislative requirement that any university or college that wants to charge tuition fees for full-time home/EU undergraduates above the basic level must have an access agreement approved by the Director of Fair Access. An access agreement sets out a university or college's fee limits, its plans for bursaries and other financial support and in many cases, outreach work for under-represented groups. Universities that charge the higher amount in fees will have to draw up new access agreements.⁹

The access agreements of all institutions are available on the [OFFA website](#).

4.2 HEFCE's role in widening participation

Widening participation is one of the strategic aims of the HEFCE, their role in widening participation is outlined in a report by the Public Accounts Committee (PAC) [Widening Participation in Higher Education 2008-09](#):

The Funding Council has distributed £392 million of funding to universities for widening participation measures over the last six years

The Funding Council can influence universities' behaviour in widening participation rates in a number of ways, the most important of which is a funding distribution model based on expected student numbers. The Higher Education Statistics Agency publishes a range of performance data at the level of individual universities, but this is not used by the Department or the Funding Council to take action against particular universities. A number of organisations identify and promote good practice in relation to widening participation, for example, Action on Access.²⁵

The Funding Council's method for allocating widening participation funding to universities is based on the number of students a university recruits from underrepresented groups, rather than funding widening participation activities directly. The formula reflects the additional costs of recruiting and supporting students from these under-represented groups, so universities with more of these students receive more funding.²⁶ In 2006–07, individual universities received between £10,000 and £5 million. The sums ranged from less than 1% of the university's teaching and learning grant to over 10%. Universities are not required to report on how they spend their funding and have considerable freedom in how they use it.¹⁰

In 2009-10 HEFCE provided universities with £141 million extra funding to support widening participation projects,¹¹ it also supplied funding through the Aimhigher programme.

⁷ *Widening participation in higher education* HC 725 25 June 2008 page 7

⁸ [Secretary of State's letter of guidance to Director of Fair Access October 2004](#)

⁹ David Willetts Statement on higher education funding and finance 3 November 2010

¹⁰ Public Accounts Committee Fourth Report *Widening Participation in Higher Education 2008-09* Page 12

¹¹ HEFCE [How we fund widening participation](#).

Widening Participation Strategic Assessments

In January 2009 HEFCE asked all higher education institutions and further education to submit widening participation strategic assessments (WPSAs). These strategic assessments are institutional statements that outline an institution's overarching commitment to widening participation. They provide an opportunity for institutions to set out all that they are doing in widening participation and how widening participation is embedded within the culture, policy and practice of diverse institutions. HEFCE intends that these documents will provide public reassurance on widening participation activity and help HEIs identify gaps in their provision and support for learners.

Action on Access were asked by HEFCE to collate a report on the submitted WPSAs, in their report [A Review of Widening Participation Strategic Assessment 2009](#) they stated:

It is clear that institutions have given strategic thought to their widening participation aims and objectives, and there is widespread commitment. Institutional understanding and delivery of widening participation is mediated by institutional mission, history and geographical place.

Widening participation benchmarks

The Higher Education Statistics Agency (HESA) publishes tables of performance indicators (PIs); PIs are a range of statistical indicators intended to offer an objective measure of how a higher education institution (HEI) is functioning. The PI tables on [widening participation of under-represented groups](#) give the percentage of students from state schools or colleges, specified socio-economic classes and low-participation neighbourhoods in each HEI. PIs are also used to calculate average widening participation rates across the sector.

HESA use this data to calculate widening participation benchmarks for HEIs. Benchmarks are adjusted for each institution to take into account the institution's profile of subjects and entry qualifications of students. The performance of HEIs in widening participation can then be assessed by measuring their actual performance against their benchmark.

Benchmarks are not targets and they are not linked to sanctions or rewards.

4.3 Aim Higher

Aim Higher was a national programme which aimed to widen participation in higher education (HE) by raising HE awareness, aspirations and attainment among young people from under-represented groups. The programme began on 1 August 2004 as a result of the integration of two previously existing programmes - Excellence Challenge and Aim Higher: Partnerships for Progression

Forty two Aim Higher partnerships aimed to build relationships between institutions and schools and colleges through funded activities such as [summer schools](#) to give school pupils a taste of university life, taster days, master-classes, visits to HE providers and one-to-one mentoring programmes.

On the 25 November 2010 David Willetts announced that Aim Higher would close in July 2011, this was discussed in a [BBC News](#) article "[Aim higher university access scheme scrapped](#)":

As many as 2,500 schools, 300 colleges and 100 universities have been involved in the Aimhigher scheme, which attempts to encourage teenagers or primary school pupils from less-advantaged backgrounds to go to university.

The project received £136m in government funding in 2004, but this had fallen to £78m by the time of the general election.

Mr Willetts said: "Aimhigher has assisted universities and schools to learn a lot about what works in raising the aspirations of young people from disadvantaged backgrounds, but we now need to use this knowledge to make much faster progress on social mobility."

Ministers say social mobility stalled under the last government, and that they are giving universities increased responsibilities to widen participation and investing more in improving access for people from disadvantaged backgrounds.

There will now be a £150m National Scholarship programme, they add.

And universities which want to charge more than £6,000 a year in tuition fees will have to show they are involved with outreach work to attract less-advantaged students.

5 University initiatives on widen participation

The report on WPSAs by Action on Access identified a number of organisational approaches to widening participation used by HEIs, 13 per cent of HEIs had centralised widening participation teams and 37 per cent had widening participation dispersed or mainstreamed into their academic service functions, the remainder of HEIs had hybrid arrangements.

5.1 Admissions

Universities have done a lot of work to improve and professionalise the university admissions process since the Schwartz report [Fair admissions to higher education: recommendations for good practice](#) in 2004. Information on developments in university admissions practice can be found on the [Supporting Professionalism in Admissions Programme](#) website.

HEIs use a wide range of information when assessing applications for admissions in order to make the fairest assessment of students. As well as using objective data such as exam results and more subjective information such as personal statements, universities are increasingly using contextual data such as school type, postcode and family background information to distinguish between candidates. The use of contextual data in admissions has been somewhat controversial, however its use has been justified by the results of studies which have shown that students from state schools often do better at university than those from private schools:

Statistical data from the Higher Education Funding Council for England shows that, when comparing students with the same A-level points scores, those from local authority schools and FE Colleges are more likely to get an Upper Second or better than those from independent schools.

Another study by Sullivan, Zimdars and Heath compared students at Oxford who had similar GCSE results. Again, it found that those from state schools were more likely to get a first than those from independent schools.¹²

¹²["University admissions what is fair?" BBC News 10 November 2009](#)

5.2 Outreach activity

Individual HEIs undertake a wide range of widening participation activity. All HEIs have links with schools and many also have links with further education colleges and employers. HEI outreach work covers a range of activities such as summer schools, mentoring, open days and events for teachers and admissions staff. Universities often also have specific events and activities which are targeted at particular under-represented groups. Also a large number of universities have received Quality Marks from the Frank Buttle Trust in recognition of their work with looked after children. Most universities provide information on their widening participation activity on their websites.

5.3 Bursaries

Since 2006 HEIs have been required to provide bursaries of at least £300¹³ for students receiving a full maintenance grant. Many institutions however provide much larger bursaries. The PAC report *Widening Participation in Higher Education 2008-09* made the following comment on bursaries:

In 2008–09, the value of bursaries for students receiving full maintenance grants varied across universities from a minimum of £310 to £3,150. In 2006–07, the proportion of tuition fee income redistributed by universities as bursaries ranged from 5% to 48%.

However bursaries have been poorly understood by students and many eligible students have failed to claim bursaries. The Higher Education Policy Institution (HEPI) therefore advocated a [national bursary scheme](#):

The Government and the Office for Fair Access require universities to offer bursaries to students from poor backgrounds to make university more affordable, and to ensure that they are not deterred for financial reasons from attending those with more demanding entry requirements. The result has been a huge range of bursaries offered by different universities, with different values and different criteria. In itself there may be nothing wrong with this. But the present arrangements give rise to two problems. First the levels of bursaries and who gets them have nothing to do with students' needs – students with the same need at different universities can receive differing amounts: these matters are decided not according to the needs of students but according to the strategies and the resources of institutions.

Second, the present arrangements mean that it is those very universities with the most poor students that can afford to pay the least generous bursaries. This is illustrated by the fact that the average bursary in Russell Group (research intensive) universities is £1,764 but in Million+ universities (former polytechnics) is £714. So, because they receive the smallest bursaries, those poor students at universities with most other poor students will be more dependent on term-time working to make ends meet than their peers at the less socially-inclusive universities, and it is well known that the more paid employment students do, the lower their prospects of academic success. So, social disadvantage leads to academic disadvantage.

It is not as if this policy is contributing to the Government's widening of participation – there is no evidence at all that these differential bursaries are encouraging young people to participate in higher education who would not otherwise have done so.

Nor does it contribute to the Government's desire for wider access to the most academically selective universities – the proportion of poorer students admitted by

¹³ The minimum bursary is currently £329

these universities is virtually unchanged since before the introduction of bursaries, despite the £100m spent on bursaries this year. Bursaries are not a good way of spending money in pursuit of widened participation and fair access.¹⁴

The Russell Group issued a news release after the HEPI report “[Calls for a national bursary scheme are highly misguided](#)” stating their objections to a national bursary scheme.

5.4 Institutional differences in widening participation rates

In April 2010 the HESA published data showing the performance of HEIs against their widening participation benchmarks in 2008-09. The data showed large variations between HEIs in widening participation, the statistics were discussed in an article in the *Times Higher Education* 22 April 2010 “[Sector offers UK real value for money, v-cs claim](#)”:

The Hesa figures show that Harper Adams University College is once again the most inclusive institution, with 58.4 per cent of its students coming from lower socio-economic groups. It is followed by London Metropolitan University (57.5 per cent) and the University of Greenwich (56.2 per cent).

The least inclusive institution is the Courtauld Institute of Art (7.9 per cent), followed by the University of Oxford (11.5 per cent) and the University of Cambridge (12.6 per cent).

Some HEIs such as the Universities of Greenwich and Wolverhampton always meet their widening participation benchmarks, others such as the Universities of Oxford, Cambridge, Bristol and Durham do not.

The NAO report [Widening participation in higher education](#) discussed differences in widening participation rates at different types of HEI:

Performance indicators show that there is variation across higher education institutions in recruiting students from under-represented groups. For example in 2006-07, around one fifth of institutions performed significantly better than expected in recruiting young people from areas with low participation, whilst a similar proportion performed significantly worse than expected. The Higher Education Statistics Agency publishes performance indicators annually on the composition of students in individual institutions for three under-represented groups: individuals from state schools, from lower socio-economic backgrounds and from areas with low participation in higher education. Each institution has individual benchmarks representing the expected participation for each group, given particular characteristics (such as subject of study, age and entry qualifications) of the students it recruits. Post-1992 institutions generally perform at or significantly above their benchmarks while the English Russell Group institutions (16 of the most research intensive institutions) generally perform at or significantly below their benchmarks. However, the majority of institutions recognise widening participation objectives in their high-level strategies. We found strong senior management support for widening participation, with responsibility usually vested in a pro-Vice Chancellor supported by specialist staff.¹⁵

The Russell Group, which represents twenty leading universities, has provided information on their widening participation policy on their website at [Raising attainment, improving advice](#). The group’s submission [Panel on Fair Access to the Professions Response to call or](#)

¹⁴ Higher Education Policy Institute *Financial support in English universities: the case for a national bursary scheme* 2008 Juliet Chester and Bahram Bekhradnia

¹⁵ NAO *Widening Participation* page 7

*Evidence*¹⁶ contains further details of the widening participation activities of their member institutions, such as special entry routes for some professional subjects like medicine and information on access/compact schemes.

However there are particular concerns about access to 'elite' universities and despite improvements in widening participation across the HE sector Oxford University accepted less state school pupils in 2009 than in 2008; only 54% of its students came from state schools.¹⁷

The Sutton Trust has published many influential reports on access to higher education and in a document called *Sutton Trust Submission to Sir Martin Harris: Widening access to selective universities* they state that there are still inequalities in access to 'elite' universities:

However, the evidence suggests that, despite considerable efforts by schools, universities and the government, the social background of those entering elite universities has not changed significantly over the last decade or so, and access is dominated by a small number of schools and colleges.

- The single most important factor contributing to the relatively low proportion of young people from disadvantaged backgrounds attending these universities is the level and nature of qualifications obtained by these students. Each year 60,000 pupils who at some point were among the top fifth of academic performers do not enter higher education by age 19.
- There are also substantial numbers of young people from disadvantaged backgrounds who do attain the qualifications needed for access to elite universities but who go elsewhere. Our research suggests these students number around 3,000 in each cohort.¹⁸

However a Public Account Committee report *Widening Participation in Higher Education 2008-09* stated that the Funding Council considered that there were valid explanations for the variation in widening participation rates at Russell Group universities:

The Russell Group universities offer a mix of subjects such as medicine, law and engineering, which appeal to students from backgrounds with a tradition of attending university. As a result, the Funding Council believes that the Russell Group is not discriminating against applicants from under-represented groups, as they have a smaller pool of such applicants from which to select. Widening participation activities can benefit the whole higher education sector, not just the individual universities which undertake them. For example, much of the work that Russell Group universities do with schools may promote applications to other universities.

Library note SN/SG/616 *Oxbridge 'elitism'* provides information on this access to Oxbridge universities.

6 Effectiveness of widening participation schemes

Sir Martin Harris, Director of Fair Access gave evidence before the Public Accounts Committee on 2 February 2009 during their enquiry on Widening Participation in Higher Education, in which he said that differences in participation could not realistically be eliminated but they could be minimised:

¹⁶ Panel on Fair Access to the Professions Response to Call for Evidence.

¹⁷ "Oxford University admitted fewer state school pupils in 2009" *The Guardian* 20 March 2010 at

¹⁸ Sutton Trust *Submission to Sir Martin Harris: Widening Access to Selective Universities* January 2010 at http://www.suttontrust.com/reports/martin_harris.pdf.

There is still latent demand for higher education, although the Office for Fair Access believes it is probably unreasonable to expect that people from upper and lower socio-economic backgrounds will ever participate at equal rates.¹⁹

In a recent report *What more can be done to widen access to highly selective universities?*²⁰ Sir Martin Harris set out his recommendations for improving access to selective universities including:

Recommendation 4 selective universities should, as a matter of urgency, review the pattern of their expenditure on bursaries, scholarships and additional outreach, to improve the way they target students and ensure money is spent on effective initiatives

Recommendation 5 in considering any recommendation relating to future fee levels, the Browne Review should also consider whether there should be any broad conditions requiring the most selective universities to maintain the current proportions of additional fee income invested in bursaries and outreach

Recommendation 6 information on how well universities have met their own WP targets in respect of both applications *and actual entrants* to their particular institution should be put in the public domain

Recommendation 7 HEFCE and OFFA continue to promote good practice in evaluating and monitoring widening participation. There should be an expectation that institutions undertake their own research and analysis – making use of national data where appropriate – to inform the development of future WPSAs. At the same time, SPA should continue to work on best practice in the field of admissions data, in particular their development of a suite of centrally available contextual data

Recommendation 8 selective universities evaluate and take further steps to ensure that the information on their bursary packages is easily accessible, clear, well understood, and available early enough to influence potential applicants' decisions about where to seek to go to university

Universities UK (UUK) an umbrella group representing all UK HEIs responded to the report saying that they made 'strenuous' efforts to widen participation:

Professor Steve Smith, President of Universities UK said: "This report shows that universities have made great strides in widening participation, and Universities UK strongly supports the work of AimHigher and all those in schools and universities who have done so much to reduce the participation gap.

"However, the report also shows that much can still be done in ensuring that those students from low socio-economic backgrounds and with the requisite grades, can progress to the most selective institutions and courses, if they wish to do so. At the heart of the matter is that these students often do not have the grades required for the most selective courses and institutions, and it is critical that the sector continues its outreach work.

"The report also stresses the importance of the most selective institutions in working with the most able students in schools to raise aspirations and encourage them to apply. Universities make strenuous efforts to seek out potential by looking at a number

¹⁹ Public Accounts Committee Fourth Report *Widening Participation in Higher Education* 2008-09 Evidence P12 Q94

²⁰ *What more can be done to widen access to highly selective universities?* A report by Sir Martin Harris Director of Fair Access April 2010

of factors when selecting students, but, as we have said before, they cannot admit people who are not applying.

“Indeed, not every student with high grades will want to progress to the most selective institutions and courses, but UUK firmly believes that if they wish to do so, then universities should do all they can to encourage and support this. Universities UK is also working closely with other sector bodies, including the NUS, UCAS and QAA to seek improvements in the information, advice and guidance available to students to help them make informed choices in courses and institutions.”²¹

7 Impact of raising tuition fees on access to higher education

7.1 Past experience

In September 2006 all new higher education students became liable to pay deferred variable tuition fees up to £3,000 a year, this was a steep rise from the fees in 2005/06 which were £1,175. Despite the rise in fees statistics from UCAS have shown a pattern of continuing growth in application rates for full time undergraduate courses since 2006/07 (with a steep rise in 2009/10). These figures suggest that increasing tuition fees has either not deterred students, or that any deterrent effect might have been offset by increased grants and bursaries for poorer students.

A BIS document authored by researchers from the Centre for the Economics of Education and IFS *The Impact of the 2006-07 HE Finance Reforms on Participation in Higher Education* November 2010 showed that the increase in fees in 2006 had no detrimental effect on participation:

We found that:

- Some individuals appear to have started university a year earlier than they might otherwise have done so (i.e. in 2005-06 rather than 2006-07) to avoid having to pay top-up fees.
- This pattern of shifting participation is most clearly evident for individuals from higher socio-economic backgrounds, and for those with the highest Key Stage 5 results.
- Some individuals who shifted participation forwards to avoid paying top-up fees may have forgone the opportunity of going to a high status university.
- Overall, there is no evidence that the 2006-07 HE finance reforms lead to a sustained fall in HE participation after their introduction.

This does not necessarily mean that the HE finance reforms had no impact on HE participation, however, because we do not know what would have happened to participation in the absence of the reforms. For example, if participation rates would have increased significantly if no changes had been made to the HE finance package, but we observe no change in reality, then we would conclude that the reforms had caused a reduction in participation rates.

Another BIS document *The Impact of Higher Education Finance on University Participation in the UK* September 2010 analysed the impact of fee increases in 1998 and 2006, this report also said that increased cost did not affect participation rates:

²¹ UUK media release *Universities UK response to report on widening access to highly selective universities* 19 May 2010

In summary then, the increased costs of university participation imposed in 1998/99, while reducing participation of high income groups, did not appear to sacrifice the goal of widening participation of low income groups.

In the case of the 2006 reforms, there was no overall change in participation for any of the groups. For the low income group, the large increase in grants and fee loans was sufficient to outweigh the impact of the £3000 deferred fee introduction, so that the net result was no significant change in participation (the coefficient of -0.09 is not significant). The same is true for medium and high income students though in each case the separate components of loans, grants and fees are themselves significant

However a research paper by HEPI *The government's proposals for higher education funding and student finance – an analysis* stated that it was not safe to compare past fee rises to the current situation:

There must be some prospect that some students will baulk at paying a fee of up to £9,000 for a course that is likely to lead to rather uncertain financial benefits. And to the extent that the decision to go to university is an economic one, then it makes sense that the more expensive it becomes the more likely it will be that some students will be put off by the cost. However, the penalty for not going to university is and will continue to be considerable. Although it will always be true that some young people would do far better in financial terms not to have gone to university, these cannot be identified in advance. For most, even with the increased fee, going to university will still be a better bet than not going – at least they will have the opportunity to compete for better paid jobs whereas that opportunity would not even be open to them otherwise.

Moreover, the loans that the government provides to enable students to pay their fees will be heavily subsidised (though the extent of the subsidy has been played down by the government). And the repayment terms are comparatively generous – as a result of which students in the future will actually be better off day to day than in the past (they will pay less each month, though they will pay for longer). So if the new arrangements are properly explained then the disincentive may be less than is feared by some.

The reality is that we cannot safely extrapolate from the introduction of fees in 1998, and then their increase to current levels, to predict the effect of the new arrangements. It seems quite plausible that some potential students will be deterred from entering higher education, but we do not know how many. The actual impact of the fees will depend to a large extent on perceptions. To the extent that loans are not distinguished from ordinary debt from banks and building societies, then fees will act as a deterrent. How the new arrangements are described and “sold” will be crucial

7.2 Price sensitivity

A BIS document *Interim Impact Assessment Urgent Reforms to Higher Education Funding and Student Finance* stated that students are responsive to fee rises:

There is evidence of price sensitivity among students from the previous set of HE reforms (that a £1000 increase in fees reduces participation by around 4.4 percentage points, IFS 2010) however it was also found that with comparable increases in student support, this price sensitivity was offset and resulted overall to no change in participation²²

²² BIS *Interim Impact Assessment Urgent Reforms to Higher Education Funding and Student Finance* November 2010 page 17

The BIS document *The Impact of Higher Education Finance on University Participation in the UK* also stated that rises in fees reduced participation, but it further concluded that these effects may be mitigated by increases in student support:

Our main finding is that a £1,000 increase in upfront tuition fees *reduces* degree participation by 4.4 percentage points, while a £1,000 increase in loans *increases* participation by 3.2 percentage points and an increase in maintenance grants increases participation by 2.1 percentage points (though after further testing we find that the impact of loans is not significantly different from the impact of grants).

These results are highly relevant for policy makers, who ought to be aware of the negative impact of upfront fees – i.e. those not covered by a fee loan – and the positive impact of aid on participation. Maintenance grants can potentially be used to offset the negative influence of fee increases, given their opposing influences on participation. Policy makers should also be aware of particularly vulnerable groups when setting levels of fees and grants, and may need to target specific groups with more generous aid to counteract any increases in tuition fees.²³

In June 2010 the Sutton Trust published a report *Young People Omnibus 2010* which was based on a survey of the attitudes of 11-16 year olds in maintained schools to entering higher education. The report analysed, the impact of tuition fees on aspiration to higher education and concluded that even low level increases in fees would have an impact on the proportion of young people entering higher education:

Impact of increased tuition fees

Pupils were informed that the current tuition fee for university students is £3,225 per year.

They were then asked their likelihood of going into higher education, conditional on the fees increasing to £5,000, £7,000 or £10,000 per year. Findings suggest that even the lowest level increase in the fees (+£1,775 p.a.) would have an impact on the proportion of young people likely to go into higher education.

Two-thirds (68%) of young people say they are likely (*very + fairly*) to go onto higher education if the tuition fee goes up to £5,000 a year (compared with 80% likely prior to any discussion of tuition fees⁶). Likelihood of continuing into higher education drops to under half (45%) if the fees increase to £7,000 a year, and to just a quarter (26%) if the amount charged is £10,000 per annum.

Potential increases in tuition fees do not lead more pupils to indecision – the proportion who are unsure once higher fees are mentioned remains much the same as when no fees are mentioned (around one in ten). Instead, pupils who previously were likely to say they will go into higher education now say they are unlikely to do so.

As might be expected when finances are involved, there are significant difference depending on the work status of a young person's household. Seven in ten (71%) of those with two parents in work are likely to go into higher education with a £5,000 annual tuition fee, while those with only one parent in work (63%) or no parents working (55%) are less likely to say they would do this if the fees were increased.

With a proposed annual tuition fee of £7,000, pupils with two working parents are again more likely than average to say they are likely to go into higher education (47%),

²³ BIS *The Impact of Higher Education Finance on University Participation in the UK* September 2010 page 31

compared with 41% and 35% of young people from households with one or no working parent respectively.

When fees hit £10,000 p.a. the work status of the household becomes (largely) negligible. However, young people in households with two working parents remain more likely than those in households without a working parent to say they are likely to go into HE with this level of fee charged.

A *BBC News* article on 21 June 2010 "[£7,000 is crunch point for university fees](#)" discussed this report. An NUS/HSBC²⁴ survey of students in September 2010 also suggested the two thirds of students would have been put off university if fees had been £7,000.

7.3 Impact on students taking long courses

Certain professional groups are also concerned about the impact of raising fees on access and in particular about the effect of higher fees on entry to longer professional courses. The British Medical Association issued a press release after the publication of the Browne report expressing concern about raising fee levels:

Medical students will be left almost £70,000 in debt under Government plans to allow universities to charge up to £9,000 in tuition fees, the BMA warned today (Wednesday, 3rd November 2010).

Proposals to reform higher education funding were announced today by the Universities and Science Minister, David Willetts MP, in response to the recent review by Lord Browne¹.

Karin Purshouse, Chair of the BMA's Medical Students Committee said:

"The government's proposal to potentially treble tuition fees will have a devastating financial impact on thousands of talented young people from low and middle income backgrounds who want to become the doctors of tomorrow.

"Medical students are already leaving university with high debt levels that leaves many dependent on an estimated £16,000 in support from their families over the course of their expensive five year degree². The BMA estimates that if universities charge the £9,000 rate allowed under these plans, students will see their debts increase to around £70,000³. This figure only includes debts incurred from student loans and does not take into account overdrafts, credit cards and professional loans which many students depend on for additional support.

"This will be an enormous financial burden for hard-working families. The government is right to recognise the importance of widening access to medicine in its announcement, but its plans will be crippled if it does not address the debt implications of studying degrees like medicine.²⁵

7.4 Impact on student from middle income households

There is some concern that the new system will unfairly burden students from middle income households. Under the current system students from households with an income of up to £50,000 are eligible for a partial grant, this threshold will be brought down to £42,600. However larger maintenance loans will be available.

²⁴ *BBC News* "[Students put off by £7,000 fees](#)" 7 September 2010.

²⁵ BMA press release "[Tuition fee rise will leave medical students £70,000 in debt, warns BMA](#)" 3 November 2010

Information in a BIS document [The Government Student and Graduate Finance Proposals](#) shows that students from households with an income of £42,600 will be eligible for maintenance loans of up to £5,500 (higher for students studying in London); students from households earning £42,500 will therefore be able to access a package of support worth £5,534. Above £42,600 the available maintenance loan amount decreases until an income of £60,125 is reached, at this income and above all students are eligible for a flat rate maintenance loan of £3,575.

Students from households with an income of £25,000 or lower will receive a grant of £3,250 and a lower maintenance loan of £3,875 making a total package of £7,125.

The IFS analysis of the proposals [Higher education reforms progressive but too complicated](#), commented that students from households earning around £42,600 could therefore leave university with the largest 'debts' as they are eligible for the largest maintenance loans:

While there is a strong case for making maintenance grants for students depend on parental income, it is much harder to argue that graduate debt and therefore future graduate contributions should be related to parental income rather than just the course chosen and how much the graduate subsequently earns. In particular it is hard to justify why students from households with incomes of £42,600 should face larger debts than all other students doing similar priced courses

When the Browne proposals were announced the online forums Netmums and Mumsnet commented in a [BBC News](#) article "[Middle income squeeze fee anger](#)" that middle income families were worried about the impact of fees:

"There is a feeling that the rich can afford it - and the poor will quite rightly be protected - but people in the middle could find themselves really penalised," says Justine Roberts of Mumsnet.

8 Reactions to the Government's proposals

8.1 University mission groups.

Each university mission group has a slightly different response to the proposals:

Russell Group

The Russell Group response to the proposals ["Government plans to reform university funding and student finance in England"](#) says that they welcome the changes:

Lifting the fee cap to £9,000 for new students in England from 2012 is a welcome reform that will help our universities maintain and enhance their world-class status. Increased graduate contributions will provide a life-saving cash transfusion for a sector that would otherwise be seriously ailing from the spending review's deep cuts. These reforms are the only way for the UK to remain a serious global player in higher education, while our international competitors are pumping billions into their leading universities. This is now make or break for our universities. Our graduates need to compete with the best in the world, and we would be letting them down if we did not ensure they get the very best education.

"There has been much misinformation about the effect of fees on access. The evidence is clear that fees do not deter poorer students from university – particularly when combined with a progressive repayment system, precisely as the Government is proposing. [1] In fact, since the introduction of variable fees, Russell Group universities have attracted more students than ever from non-traditional backgrounds. [2] Higher

education is free to students and paid for by graduates. The generous graduate repayment scheme means that no student has to pay for higher education until they are earning a reasonable salary. We also believe the repayment system proposed by the Government is fair and progressive in protecting low earners, while asking higher earners to contribute a bit more through, as we proposed, variable interest rates. [3]

million +

A report by million + *Fair, progressive and good value?* states that the proposals will have an adverse impact on widening participation:

On the basis of the economic modelling of their impact, we conclude that in their current form, the proposals are likely to impact adversely on social mobility and participation, will lead to 60-65% of graduates being worse-off than under the current system with the greatest impact on middle income earners and further, that they are unlikely to provide good value for taxpayers.

Those graduates earning over the £21,000 threshold face a triple whammy of higher fee debt, real interest rates and a longer repayment period. For many middle income graduates this is likely to see them paying much more for their degree compared to the current system. A male graduate from a middle income household (£42,000 per annum) on median earnings aged 25 (£23,000 in today's money terms) can be expected to be worse-off by between £15,000 and £20,000 under the Coalition's proposals. With a fee of £9,000 this increases £20,000 to £25,000. This graduate could not be considered a high-earner and the earning profile suggest that they could be a primary school teacher.

1994 Group

A news release by the 1994 Group *"Government right on graduate contributions but more detail needed on widening participation obligations"* says that they supports the changes on student support but are concerned about widening participation commitments:

"We also welcome the announcements on student support measures. The increased maintenance grant will go a long way to helping talented students from poorer backgrounds reach their potential. But questions remain about the obligations universities will be subject to on widening participation. 1994 Group institutions have an excellent record in supporting people from non-traditional backgrounds into university. Indeed, our submission to the Browne Review proposed a £1000 fee waiver for the poorest students. We would be wary of any measure that detracts from this independent activity. The requirement on institutions to make payments to the National Scholarship Scheme could detract resources from their own support mechanisms. We would also be sceptical of any blanket obligations placed across the sector, regardless of the particular circumstances of each institution. We will look closely as details emerge of policy around these issues

University Alliance

A news release *"University Alliance calls for public information campaign to explain the new graduate contribution scheme"* states that the new scheme will need promoting:

Introducing a fairer, more progressive, graduate contribution scheme provides an opportunity to eliminate the notion of upfront cost or burdensome debt. It will put in place a simplified system of financial support for students alongside a time-limited graduate contribution based on earnings. Quite simply – if you don't benefit you don't pay.

Alliance universities have an outstanding track record of widening access to higher education whilst delivering some of the highest rates of graduate-level employment. In order to maintain access, however, we need this new system to be better understood.

We would urge the Government, along with the university sector, to undertake a major national public information campaign to achieve a fundamental shift in understanding.

It is the graduate that is being asked to contribute, not the student. It is absolutely critical, however, that this new system for graduate contributions is not used as a complete substitution for direct public investment in universities. The Government must recognise that there is a strong case for a greater level of direct public funding for teaching than it is proposing today

8.2 Unions

The National Union of Students and the University and Colleges Union both oppose the Government's proposals:

UCU general secretary, Sally Hunt, said: 'We need to expose these shabby and devastating proposals and the damage they will do to our universities, colleges and communities. The march of 10 November organised by NUS and UCU has transformed the politics of higher education and placed the coalition's fees policy under heightened scrutiny.

[...]

NUS president, Aaron Porter, said: 'The joint NUS and UCU march that brought together 50,000 people on 10 November has provided the spur to a new wave of activism and lobbying, placing the Government's policy on fees and student support policy under huge pressure. We will continue to work with UCU to ensure that students, lecturers parents and our communities keep that pressure up as the vote approaches. MPs can be left in no doubt as to the widespread public opposition to these plans or of the consequences of steamrolling them through Parliament.'²⁶

8.3 Universities UK

The President of Universities UK said in an article in the *Times* on 6 December 2010 "Raise tuition fees or cheat a whole generation" that they are in favour of the proposals:

The Government has chosen a system that builds on the logic of that introduced in 2006. It can secure the long-term financial sustainability of higher education. It gives increased power to the student as consumer, and puts student choice at the heart of the system. The price tag is, indeed, high: no one relishes the prospect of students leaving universities with large debts. As public finances allow, government should increase support for less well-off students.

But backing away from higher graduate contributions now and leaving universities to pick up the pieces, will undermine the coalition's agenda for economic recovery and social mobility. The desire to appear fair is understandable. But reducing student numbers will create few winners and many more losers. In the end it will be fair to no one.

²⁶ UCU News 30 November 2010 "[UCU and NUS set out next steps in campaign against education funding cuts](#)"